

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 707 - HB 1854**

March 25, 2009

**SUMMARY OF BILL:** Prohibits extension or renewal of a superintendent or director of schools contract if 10 percent or more of schools in the district have been identified as high priority under “No Child Left Behind” standards or where there are three or more findings in a Comptroller’s audit of waste, fiscal mismanagement, malfeasance, nonfeasance, ineptitude, or any unacceptable level of performance of any department under the director or superintendent’s general supervision. Requires all contracts for directors or superintendents to contain a buy-out provision.

**ESTIMATED FISCAL IMPACT:**

**Increase Local Expenditures – Exceeds \$3,292,000/One-Time\***

Assumptions:

- Average salary and benefits per superintendent is \$117,571.65 (\$99,069 salary + 14.07% FICA/TCRS + \$4,563.65 insurance per BEP position).
- All costs will be borne by local education agencies (LEAs). No impact on the BEP formula.
- Approximately 28 LEAs have 10 percent or more of their schools classified as high priority under “No Child Left Behind”. The number of LEAs that have three or more audit findings under the provisions of the bill is unknown.
- If all 28 LEAs buyout their superintendent or director and then hire a replacement at the same approximate cost and have at least one year left (\$117,571.65) on their current contract the total increase in one-time local expenditures for the buy-outs would be approximately \$3,292,006.20 (\$117,571.65 x 28).
- The number of additional LEAs that may have three or more negative audit findings and would be forced to buyout their superintendent or director is not included.
- Increases in local expenditures to hire a replacement are not included since this money would be spent in the absence of a buyout and does not represent an increase an actual expenditures.

*\*Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

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